

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

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Public Comments on proceeding 05-311

The new FCC rulemaking allows cable companies to assess the value for 'in kind' services related to providing PEG channels and deduct that amount from the Franchise Fees passed to cities. These loosely defined 'in kind' costs can include the 'value' of the cable channels themselves as well as any other services provided (such as institutional networks, channel programming guides, cable drops to fire stations, schools, etc.)

The FCC fails to set any guidelines or limitations to the values that cable companies can assess and it's conceivable that cable companies could zero out franchise fee payments to cities entirely with arbitrary value assessments. The FCC rulemaking could force cities to reconsider their use of PEG channels to maintain their current franchise fee levels. This confronts the interests of cities against the interests of their communities simply for the benefit of cable company profits.

In the Cable Act legislation of 1984, Congress wisely established Franchise Fees and PEG Fees as a condition for cable operators providing commercial cable TV services. Franchise fees are often described as 'rent' for the commercial access and use to the public right of ways within a municipality. These fees help cover the associated costs to cities from cable TV installations and help fund other municipal public services. PEG fees can optionally be established by a municipality to provide for the capital equipment necessary to the operations of local PEG channels. Both Franchise and PEG fees are public interest obligations that ensure the commercial media delivered into resident's homes is balanced by meaningful non-commercial locally originated content. Non-commercial PEG channels are unique, and they provide a necessary means of free speech via the public channel, government transparency, and communication with residents via the government channel and an educational channel available for use by local schools and universities.

A handwritten signature in black ink, appearing to read 'Dusan Tatomirovic', with a stylized flourish at the end.

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